

AMENDED IN ASSEMBLY APRIL 17, 2007

AMENDED IN ASSEMBLY APRIL 9, 2007

CALIFORNIA LEGISLATURE—2007–08 REGULAR SESSION

## ASSEMBLY BILL

**No. 705**

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**Introduced by Assembly Member Huffman**  
**(Principal coauthor: Assembly Member Blakeslee)**  
**(Coauthors: Assembly Members Laird, Krekorian, and Portantino)**

February 22, 2007

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An act to add Chapter 8 (commencing with Section 3880) to Division 3 of the Public Resources Code, relating to public resources.

### LEGISLATIVE COUNSEL'S DIGEST

AB 705, as amended, Huffman. Public resources: geologic carbon sequestration.

Existing law requires the State Energy Resources Conservation and Development Commission, on or before November 1, 2007, to submit a report to the Legislature containing recommendations for how the state can develop parameters to accelerate the adoption of cost-effective geologic sequestration strategies for the long-term management of industrial carbon dioxide.

This bill would require the Division of Oil, Gas, and Geothermal Resources *in the Department of Conservation (division), in close collaboration with the California Environmental Protection Agency, and in consultation with the Resources Agency Geological Survey of the department,* to ~~develop~~ adopt standards and regulations for geologic carbon sequestration projects to provide regulatory guidance for those performing these projects and to minimize the health and safety risks to the public. ~~In developing these standards and regulations, these~~

~~agencies would be required to consult with certain specified interested agencies, parties, and experts. The California Environmental Protection Agency division would be required to make reasonable efforts to enter into a memorandum of understanding with the United States Environmental Protection Agency on the development of the standards and regulations. The California Carbon Capture Geological Sequestration Standards Board consisting of 6 members with 2 representatives from the Division of Oil, Gas, and Geothermal Resources, the California Environmental Protection Agency, and the Resources Agency would be established to ratify or revise the standards and regulations developed. The standards and regulations would be applicable to the injection of carbon dioxide and other injectants in allowable geological formations for the purposes of greenhouse gas emission reduction or limitation through long-term sequestration, but would not be applicable to the use of Class II injection wells for conventional enhanced hydrocarbon recovery.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Chapter 8 (commencing with Section 3880) is  
2 added to Division 3 of the Public Resources Code, to read:

3  
4 CHAPTER 8. GEOLOGIC CARBON SEQUESTRATION

5  
6 3880. The Legislature intends to do all of the following:

7 (a) To ensure adequate health and safety requirements are met,  
8 and that the risk of unacceptable leakage from the injection and  
9 storage zone for carbon capture and geologic storage is minimized.

10 (b) To ensure that best available practices and technologies are  
11 utilized.

12 (c) *To aid the state in meeting its greenhouse gas emissions*  
13 *reduction targets and addressing climate change.*

14 (e)

15 (d) To unify the regulatory elements along the carbon capture  
16 and geologic storage chain of operations, *identify areas where*  
17 *existing regulations are sufficient*, and clarify areas where existing  
18 regulations currently do not ~~specifically~~ *adequately* address carbon  
19 capture and geologic storage.

~~(d)~~

(e) To define the sequence of events and actions that need to take place in order to plan, construct, operate, and decommission a carbon capture and geologic storage facility.

~~(e)~~

(f) To assure the public and all relevant stakeholders that carbon capture and geologic storage is performed under adequate regulatory oversight and provide all necessary information to that extent.

3880.5. As used in this chapter:

~~(a) "Board" means the California Carbon Capture and Geological Sequestration Standards Board established pursuant to subdivision (a) of Section 3882.~~

~~(b) "Division", "division" means the Division of Oil, Gas, and Geothermal Resources in the Department of Conservation.~~

3881. (a) ~~The division,~~ *(1) On or before January 1, 2011, the division, in close collaboration with the California Environmental Protection Agency, and in consultation with the California Geological Survey of the Department of Conservation, shall develop adopt, utilizing existing regulations where appropriate, standards and regulations for, but not limited to, all of the following:*

~~(1)~~

(A) Site characterization and ~~selection~~ approval.

~~(2)~~

(B) Geomechanical, geochemical, and hydrogeological simulation.

~~(3)~~

(C) Risk assessment.

~~(4)~~

(D) Mitigation and remediation protocols.

~~(5)~~

(E) Issuance of permits for test, injection, and monitoring wells.

~~(6)~~

(F) Specifications for the drilling, construction, and maintenance of wells.

~~(7)~~

(G) Issues concerning ownership of subsurface rights and pore space.

(H) *The allowed composition of injected matter.*

1     (I) *The testing, monitoring, measurement, and verification for*  
2 *the entirety of the carbon capture and geologic storage chain of*  
3 *operations, from the point of capture of the carbon dioxide to the*  
4 *storage site.*

5     (J) *Closure and decommissioning procedures.*

6     (K) *Short- and long-term liability and indemnification for*  
7 *storage sites.*

8     (2) *The division shall make reasonable efforts to enter into a*  
9 *memorandum of understanding with the United States*  
10 *Environmental Protection Agency on the development of the*  
11 *standards and regulations pursuant to paragraph (1) to establish*  
12 *appropriate jurisdiction under the Underground Injection Control*  
13 *Program for regulating the injection of carbon dioxide and other*  
14 *allowable injectants in all allowable types of geological formation.*

15     ~~(b) (1) The California Environmental Protection Agency shall~~  
16 ~~develop standards and regulations for all of the following:~~

17     ~~(A) The allowed composition of injected matter.~~

18     ~~(B) Testing, monitoring, measurement, and verification for the~~  
19 ~~entirety of the carbon capture and geologic storage chain of~~  
20 ~~operations, from the point of capture of carbon dioxide to the~~  
21 ~~storage site.~~

22     ~~(C) Closure and decommissioning procedures.~~

23     ~~(e) The Resources Agency, in collaboration with the State~~  
24 ~~Energy Resources Conservation and Development Commission,~~  
25 ~~shall develop standards and regulations for short- and long-term~~  
26 ~~liability and indemnification for storage sites.~~

27     (2) The California Environmental Protection Agency shall make  
28 reasonable efforts to enter into a memorandum of understanding  
29 with the United States Environmental Protection Agency on the  
30 development of the standards and regulations pursuant to paragraph  
31 (1).

32     ~~(d)~~

33     (b) The division, *in collaboration with the California*  
34 *Environmental Protection Agency, and the Resources Agency shall*  
35 *do all of the following:*

36     (1) Take reasonable efforts to develop standards and regulations  
37 in accordance with the scientific, policy, legal, and other  
38 recommendations made by the State Energy Resources  
39 Conservation and Development Commission pursuant to Chapter

1 471 of the Statutes of 2006, *as these recommendation become*  
2 *available.*

3 (2) Provide a publicly available reasoned explanation for a  
4 deviation from the recommendations made by the State Energy  
5 Resources Conservation and Development Commission.

6 (3) Develop regulations that provide for reporting and public  
7 disclosure of information and data to maximize transparency and  
8 accountability throughout the carbon capture and geologic storage  
9 chain of operations while balancing concerns of commercial and  
10 corporate sensitivity.

11 ~~(4) Consult with, and provide an opportunity to comment by,~~  
12 ~~interested stakeholders, including, but not limited to,~~  
13 ~~representatives from industry, environmental groups, academic~~  
14 ~~experts, and other governmental officials, with expertise in~~  
15 ~~indemnification, subsurface geology, fossil fuel electric generation~~  
16 ~~facilities, advanced carbon separation and transport technologies,~~  
17 ~~and greenhouse gas management, and experts in carbon capture~~  
18 ~~and geologic storage during development of the standards and~~  
19 ~~regulations.~~

20 (4) *Ensure that the adoption of standards and regulations*  
21 *pursuant to paragraph (1) of subdivision (a) complies with the*  
22 *Administrative Procedure Act (Chapter 3.5 (commencing with*  
23 *Section 11340) of Part 1 of Division 3 of the Government Code).*

24 (5) Provide an opportunity for the State Energy Resources  
25 Conservation and Development Commission to comment on the  
26 proposed regulations.

27 (6) *Notwithstanding Section 7550.5 of the Government Code,*  
28 *on or before July 1, 2009, the division shall submit to the*  
29 *Legislature a progress report on the adoption of the standards*  
30 *and regulations required pursuant to paragraph (1) of subdivision*  
31 *(a).*

32 ~~3882. (a) There is hereby established in state government the~~  
33 ~~California Carbon Capture and Geological Sequestration Standards~~  
34 ~~Board.~~

35 ~~(b) The board shall consist of six members with two~~  
36 ~~representatives from each of the following:~~

37 ~~(1) The division.~~

38 ~~(2) The California Environmental Protection Agency.~~

39 ~~(3) The Resources Agency.~~

1     ~~(e) The board shall operate under existing funding and shall~~  
2     ~~meet, as necessary, to ratify or revise standards and regulations~~  
3     ~~developed pursuant to Section 3881.~~

4     ~~(d) The board shall ensure both of the following:~~

5     ~~(1) The efficient collaboration among agencies in the~~  
6     ~~development of standards and regulations pursuant to Section~~  
7     ~~3881.~~

8     ~~(2) The regulations and standards developed pursuant to Section~~  
9     ~~3881 are consistent in nature and achieve common objectives.~~

10    ~~(e) The board shall make publicly available announcements of~~  
11    ~~its meetings and decisions.~~

12    ~~3883.~~

13    3882. (a) The standards and regulations ~~ratified or revised~~  
14    ~~adopted~~ pursuant to ~~Section 3882 Paragraph (1) of subdivision~~  
15    ~~(a) of Section 3881~~ shall apply to the injection of carbon dioxide  
16    and other allowable injectants in allowable types of geological  
17    formation *undertaken* for the purposes of *reducing* greenhouse gas  
18    ~~emission reduction or limitation~~ *emissions to the atmosphere*  
19    through long-term geological sequestration *as required by law or*  
20    ~~undertaken voluntarily~~ *voluntarily*.

21    (b) The standards and regulations developed pursuant to ~~this~~  
22    ~~section do~~ *paragraph (1) of subdivision (a) of Section 3881* shall  
23    not apply to ~~conventional~~ *the injection of fluids through the use*  
24    ~~of Class II injection wells as defined in Section 144.69(b) of Title~~  
25    ~~40 of the Code of Federal Regulations for the purpose of enhanced~~  
26    hydrocarbon recovery.